

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

PARALEGAL  
MARY M. EMBRY

RECEIVED

August 19, 2004

AUG 20 2004

PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Case 2004-00325

Re: McCreary County Water District - Public Service Commission Application for the  
Sewer System Improvements Project

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the McCreary County Water District for a Certificate of Public Convenience and Necessity to construct and finance a sewer improvement project pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Preliminary and Final Engineering Reports two (2) are enclosed.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jl  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

Account No. 156.0000

**Re: McCreary County Water District Sewer System Revenue Bonds, Series 2004,  
in the amount of \$290,000 (Stearns Project)**

Mr. Kenneth H. Slone  
State Director  
Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336  
Fax: (859) 224-7425

Mr. Tom Coffey  
Rural Development  
95 South Laurel Road, Suite A  
London, Kentucky 40744

Telephone: (606) 864-5168  
Fax: (606) 878-7717

Mr. Steve Owens, Manager  
McCreary County Water District  
P.O. Box 488  
Whitley City, Kentucky 42653

Telephone: (606) 376-2540  
Fax: (606) 376-5507

Tim Lavender, Esq.  
Courthouse Square  
P.O. Box 69  
Whitley City, Kentucky 42653

Telephone: (606) 376-2233

Mr. Deron S. Byrne  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, Kentucky 40342

Telephone: (502) 839-1310  
Fax: (502) 839-1373

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Telephone: (502) 569-7525  
Fax: (502) 569-7555

RECEIVED  
AUG 20 2004  
PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**THE APPLICATION OF MCCREARY COUNTY WATER )  
DISTRICT OF MCCREARY COUNTY, KENTUCKY, )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE ) NO. 2004-00325  
AND NECESSITY TO CONSTRUCT AND FINANCE )  
PURSUANT TO KRS 278.023. )**

**A P P L I C A T I O N**

This Application of the McCreary County Water District ("Applicant") of McCreary County, Kentucky, respectfully shows:

1. That Applicant is a water district of McCreary County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

McCreary County Water District  
c/o Mr. Raymond Taylor, Chairman  
P.O. Box 488  
Whitley City, Kentucky 42653

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Applicant to construct a sewer construction project, consisting of extensions, additions, and improvements (the "Project") to the existing sewer system of Applicant; and (ii) an Order approving the proposed plan of financing said Project.

4. That the Project consists of the construction and installation of approximately 2,100 linear feet of 8-inch sanitary sewer line, 1,100 linear feet of 4-inch sanitary sewer service line, 1,700 linear feet of sewer force main, one lift station, seventeen manholes and appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$290,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") Grant in the amount of \$290,000; (iii) an Environmental Protection Agency ("EPA") grant in the amount of \$950,000; and (iv) an Enterprise Community ("EC") grant in the amount of \$200,000. Applicant

has a commitment from RD to purchase said \$290,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

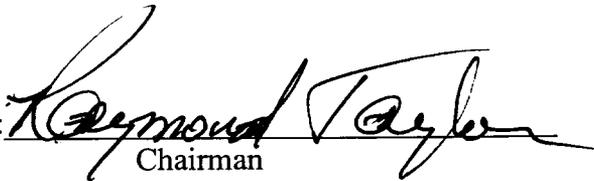
- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
  - (2) All other state approvals or permits have already been obtained;
  - (3) The existing rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, Applicant, the McCreary County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a sewer project consisting of extensions, additions, and improvements to the sewer system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$290,000 of McCreary County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; (ii) a Rural Development grant in the amount of \$290,000; (iii) an EPA grant in the amount of \$950,000; and (iv) an EC grant in the amount of \$200,000.

MCCREARY COUNTY WATER DISTRICT

By:   
Chairman  
Board of Water Commissioners

  
W. RANDALL JONES, ESQ.  
RUBIN & HAYS  
Counsel for Applicant  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF MCCREARY )

The undersigned, Raymond Taylor, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the McCreary County Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this August 18, 2004.

  
Raymond Taylor, Chairman  
McCreary County Water District

Subscribed and sworn to before me by Raymond Taylor, Chairman of the Board of Commissioners of the McCreary County Water District, on this August 18, 2004.

My Commission expires: 7/13/06

  
Notary Public  
In and for said County and State





United States  
Department of  
Agriculture

Rural  
Development

771 Corporate Drive, Suite 200  
Lexington, KY 40503-5477  
(859) 224-7336 TTY(859) 224-7422

SEAN'S

January 24, 2002

Mr. Raymond Taylor, Chairman  
McCreary County Water District  
P.O. Box 488  
Whitley City, Kentucky 42653

Dear Mr. Taylor:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$290,000, a RUS grant not to exceed \$290,000, an Environmental Protection Agency (EPA) grant of \$950,000, and an Enterprise Community (EC) grant of \$200,000.

If Rural Development makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to Rural Development as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 days before loan closing.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 641 sewer users, of which 441 are existing users and 200 are new users. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

Rural Development encourages the use of the Preauthorized Debit (PAD) payment process, which authorizes the electronic withdrawal of funds from your bank account on the exact installment payment due date (contact the Rural Development Manager for further information).

3. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$135.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$16,200. The deposits are to be resumed any time the account falls below the \$16,200.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

4. Security Requirements:

A pledge of gross sewer revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds.

5. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

6. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

7. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

8. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The Water District shall be required to submit a copy of its audit agreement for review and approval prior to pre-closing the loan. The Water District shall obtain the assistance of its accountant to establish the Water District's accounting system. Rural Development approval of the accounting system is required.

9. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

10. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$117,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

11. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
  - 1. Final plans, specifications and bid documents.
  - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
  - 3. Legal Service Agreements.
  - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

12. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the wastewater system, be denied the benefits of the wastewater system, or be subjected to discrimination.

13. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

14. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

15. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

16. Prior to Pre-Closing the Loan, the Water District will be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

17. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

18. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

19. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA-Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing \_\_\_\_\_," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

20. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly, as required in 7CFR part 3016 (as applicable).

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,260,000
Land and Rights	79,000
Legal and Administrative	65,000
Engineering	185,000
Interest	15,000
Contingencies	<u>126,000</u>
TOTAL	\$ 1,730,000

Financing:

RUS Loan	\$ 290,000
RUS Grant	290,000
EPA Grant	950,000
Enterprise Community Grant	<u>200,000</u>
TOTAL	\$ 1,730,000

22. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

23. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/EPA/EC grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the sewer system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Sewer rates will be at least:

Residential:

First	2,000	gallons @ \$	8.10 - Minimum Bill.
Next	8,000	gallons @ \$	4.30 - per 1,000 gallons.
Next	10,000	gallons @ \$	3.40 - per 1,000 gallons.
All Over	20,000	gallons @ \$	2.70 - per 1,000 gallons.

Non-Residential:

First	2,000	gallons @ \$	10.80 - Minimum Bill.
Next	8,000	gallons @ \$	5.80 - per 1,000 gallons.
Next	10,000	gallons @ \$	4.50 - per 1,000 gallons.
All Over	20,000	gallons @ \$	3.60 - per 1,000 gallons.

Federal Prison Facility:

First	1,300,000	gallons @ \$	4,710.20 - Minimum Bill.
All Over	1,300,000	gallons @ \$	3.60 - per 1,000 gallons.

25. Commitment of EPA and Enterprise Community (EC) Grants:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EPA grant in the amount of \$950,000 and for the EC grant in the amount of \$200,000.

26. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

27. Mitigation Measures:

- A. The Water District shall be required to comply with the requirements of the Kentucky State Clearinghouse as detailed by letter to Mr. Ronnie Grant, dated June 22, 2001, and signed by Mr. Ronald W. Cook.
- B. The Water District shall be required to comply with the requirements, if any, of the U.S. Fish and Wildlife Service as requested by letter dated July 27, 2001, and signed by Lee A. Barclay, Ph.D., Field Supervisor.

- C. The Water District will comply with all applicable executive orders and regulations that are applicable to the preservation of prime farmlands and wetlands.

28. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



KENNETH SLONE

State Director

Rural Development

Enclosures

- cc: Rural Development Manager - London, Kentucky  
Community Development Manager - Somerset, Kentucky  
Lake Cumberland ADD - Russell Springs, Kentucky  
Tim Lavender - Whitley City, Kentucky  
Harper, Ferguson & Davis - Louisville, Kentucky  
Monarch Engineering, Inc. - Lawrenceburg, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky





**United States Department of Agriculture  
Rural Development  
Kentucky State Office**

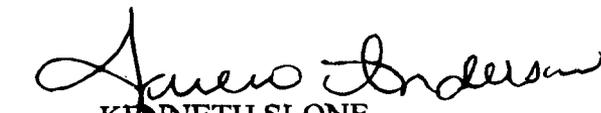
August 16, 2004

**SUBJECT: McCreary County Water District  
Stearns Sewer Renovation- Phase 1  
Contract Award Concurrence**

**TO: Area Director  
London, Kentucky**

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Garrison Construction Company, in the amount of \$314,990.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

  
KENNETH SLONE  
State Director  
Rural Development

cc: Monarch Engineering, Inc.  
Lawrenceburg, Kentucky

Harper, Ferguson, and Davis  
Louisville, Kentucky



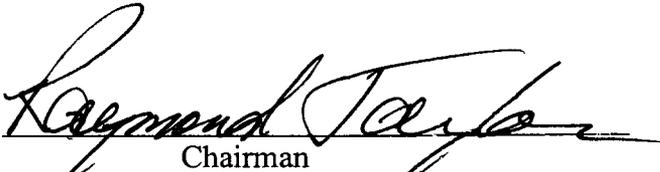
**CERTIFICATE OF CHAIRMAN OF THE MCCREARY COUNTY WATER DISTRICT,  
AS TO STATEMENT REQUIRED BY SECTION 3(2)(D) OF 807 KAR 5:069**

I, Raymond Taylor, hereby certify that I am the duly qualified and acting Chairman of the McCreary County Water District of McCreary County, Kentucky, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the sewer system of the District (the "Project"), in cooperation with Monarch Engineering, Inc., Lawrenceburg, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

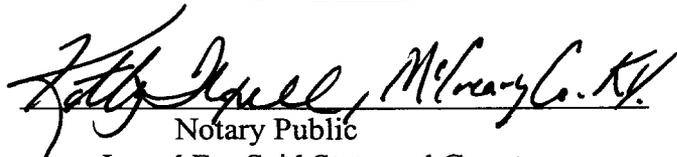
1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the existing rates of the District are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about September 15, 2004, and will end on or about March 15, 2005.

IN TESTIMONY WHEREOF, witness my signature this August 18, 2004.

  
Chairman  
McCreary County Water District

STATE OF KENTUCKY    )  
  ) SS  
COUNTY OF MCCREARY )

Subscribed and sworn to before me by Raymond Taylor, Chairman of the Board of Commissioners of the McCreary County Water District, on this August 18, 2004.

  
Notary Public  
In and For Said State and County

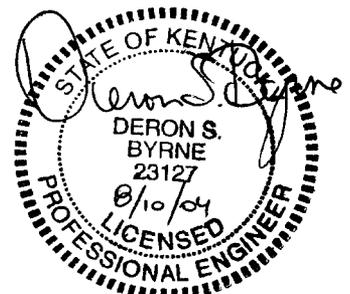
**PRELIMINARY ENGINEERING REPORT  
FOR THE  
MCCREARY COUNTY WATER DISTRICT  
STEARNS SEWER SYSTEM**

RECEIVED

AUG 29 2004

PUBLIC SERVICE  
COMMISSION

**JUNE 2001**



# **PRELIMINARY ENGINEERING REPORT**

## **STEARNS SEWER SYSTEM**

### **McCREARY COUNTY WATER DISTRICT McCREARY COUNTY, KENTUCKY**

#### **I. GENERAL**

This Preliminary Engineering Report is intended to analyze the proposed sewer system improvements and extensions that are being planned by the McCreary County Water District which consists of renovating the old Stearns Sewer System and to extend sewers that would serve new customers adjacent to the Stearns area. The project area is located in the historic and former mining community of Stearns which is located in south central McCreary County. Sewer lines will be installed to replace existing sewer lines that were constructed in the 1930's and new lines will be installed to serve new users. The project consists of the construction of a approximately two miles of gravity sewer lines along with five lift stations. The waste stream will be transported through an existing force main to the Water District's treatment plant located just north of Stearns. Included in this report are project cost estimates which outline all of the project costs along with the proposed financing scheme.

#### **II. PROJECT PLANNING AREA**

The proposed area of service is located in and around the community of Stearns. This community is not incorporated but due to the concentration of dwellings in the area, the Stearns community is locally defined as the old Stearns mining camp and those areas around the old camp that exhibit a substantial concentration of homes and small businesses. Once a thriving mining camp community, the Stearns Coal & Lumber Company initially owned the homes and businesses that made up the Stearns community. The coal mining and logging industry was the only source of industry in the area in the early 1900's and homes were built to house employees of the company. At one time over 200 homes housed workers that were employed by the company, and according to old records, a community sewer system was constructed around the period of the 1930's.

As time progressed the operation of the company began to dwindle and in the 1960's the company began to reduce the scale of its involvement in the coal and logging industry. Homes owned by the mining company were sold to those who occupied the dwellings as well as the property that formed the community of Stearns. By the 1980's coal production and timber harvesting had ceased and the company no longer maintained a base of employees. As the company began to downscale and sell homes and properties, the old mining community began to change appearance as other homes were constructed along with privately owned businesses.

The topography of the area is typical for the Appalachian area consisting of steep slopes and narrow valleys. Homes lie near the public roadways and generally sit within close proximity of each other. The central business area of Stearns lies adjacent to the Norfolk and Southern Railway and it consists of a museum with exhibits of the old mining and logging camp, along with several small shops and restaurants. The community also consists of a public school and two small textile industries.

### III. EXISTING FACILITIES

The McCreary County Water District owns and operates a wastewater treatment plant that is located approximately one mile from the Stearns community. A transport force main passes through the community and is available for use through the proposed project. The old Stearns sewer system was constructed in the 1930's and few records exist that depict the location or actual number of users of the old system. The sewer system is operated by a volunteer group of individuals that have been instrumental in the development of the historic portion of the Stearns facility. Sewage is collected at a point near one of the small industries and is pumped to the Water District's wastewater treatment plant. The existing system is considered to be constructed of short sections of clay tile pipe, but manholes are not visible and are thought not to exist making it difficult to determine the integrity and extent of the sewer system.

### IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in and around the Stearns community. Raw sewage is evident in ditch lines and low lying areas, particularly after rainfall events. The stench of raw sewage is present and is magnified during periods of warm weather. The number of homes that are connected to the sewer system is unknown and homeowners are unsure as to the type of their individual sewer systems. Over the past several years the Stearns community has been developed as a tourist attraction depicting the life style of the mining and logging community. One major attraction is a scenic train excursion that is affected by the presence of raw sewage that runs in the ditch that lies alongside the railway.

Due to the condition of the old sewer system and the terrain of the area beyond the service area of the system, inadequate transport and treatment are prevalent. Elimination of this health hazard can only be accomplished by the development of a conventional sewer collection system and replacement of the old dilapidated sewer system.

### V. ALTERNATIVES CONSIDERED

The Stearns Sewer System is operated by a volunteer group of individuals which desire to relinquish that responsibility. The McCreary County Water District is the only provider of public wastewater collection, transport, and treatment located in McCreary County. The Water District owns the only public treatment plant and it is located just north of the community of Stearns. Alternatives considered were the development of a

package wastewater treatment plant versus the transport of the waste stream to the District's present facility. Due to the proximity of the current plant to the project area it was determined most feasible and practical to treat the waste stream at the current plant.

Methods of collection consist of basically two options, that being gravity collection or small diameter pressure sewer lines. It is expected that the system can be constructed utilizing gravity collection lines which minimize the maintenance as compared to the pressure sewer system method.

## VI. PROPOSED PROJECT

The proposed project consists of the installation of 10,400 feet of 8-inch gravity sewer lines and 5,500 feet of 4-inch sewer force mains that will serve approximately 200 new and existing customers. Included in the project is the construction of 100 manholes along with five sewage lift stations. An itemized cost estimate is included in this report and it outlines all of the individual construction items along with their associated units costs. A summary cost estimate summarizes all of the project costs and outlines the funding scheme for the project which is also included in this report.

The project cost has been estimated to be \$1,730,000 and it is to be financed by a grant from the Environmental Protection Agency in the amount of \$950,000, a grant from Rural Development in the amount of \$290,000 and a loan from Rural Development in the amount of \$290,000. Also included is a grant from the McCreary County Enterprise Community in the amount of \$200,000.

## VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in these communities to maintain a adequate sewage collection and transport system, it is recommended that the McCreary County Water District take the steps necessary to develop the sewer system extensions and improvements so that this unhealthy situation can be resolved. The McCreary County Water District is the only provider of wastewater collection and treatment in and around McCreary County and their system is situated such that these extensions and improvements as proposed can be made without adversely affecting service to their existing customers.

**PRELIMINARY COST ESTIMATE  
STEARNS SEWER SYSTEM IMPROVEMENTS  
McCREARY COUNTY WATER DISTRICT  
McCREARY COUNTY, KENTUCKY  
MARCH 2001**

**PROJECT COSTS**

DEVELOPMENT	\$1,260,000.00
CONTINGENCY	126,000.00
ENGINEERING DESIGN	107,000.00
CONSTRUCTION INSPECTION	58,000.00
LEGAL	25,000.00
ADMINISTRATION	40,000.00
INTEREST	15,000.00
ADDITIONAL ENGINEERING	20,000.00
LAND & EASEMENTS	<u>79,000.00</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$1,730,000.00</b>

**PROJECT FINANCING**

EPA GRANT	\$950,000.00
McCREARY COUNTY ENTERPRISE COMMUNITY	200,000.00
RURAL DEVELOPMENT GRANT	290,000.00
RURAL DEVELOPMENT LOAN	<u>290,000.00</u>
<b>TOTAL PROJECT FINANCING</b>	<b>\$1,730,000.00</b>

**PRELIMINARY COST ESTIMATE  
 STEARNS SEWER SYSTEM IMPROVEMENTS  
 McCREARY COUNTY WATER DISTRICT  
 McCREARY COUNTY, KENTUCKY  
 MARCH 2001**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	8-Inch Sanitary Sewer Main	10,400 LF	\$50.00	\$520,000.00
2	4-Inch Sanitary Sewer Service	5,500 LF	20.00	110,000.00
3	4-Inch Force Main	5,500 LF	6.00	33,000.00
4	Bore & Case for 8-Inch Sewer	400 LF	80.00	32,000.00
5	Bore & Case for 4-Inch Sewer	1,000 LF	50.00	50,000.00
6	Manhole	100 EA	1,500.00	150,000.00
7	Lift Station Type 1	4 EA	50,000.00	200,000.00
8	Lift Station Type 2	1 EA	70,000.00	70,000.00
9	Flow Metering Station	1 EA	45,000.00	45,000.00
10	Pavement Replacement	5,000 LF	10.00	50,000.00
SUBTOTAL				\$1,260,000.00
CONTINGENCY				126,000.00
TOTAL COST				\$1,386,000.00

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

PARALEGAL  
MARY M. EMBRY

RECEIVED

August 19, 2004

AUG 20 2004

PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Case 2004-00325

Re: McCreary County Water District - Public Service Commission Application for the  
Sewer System Improvements Project

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the McCreary County Water District for a Certificate of Public Convenience and Necessity to construct and finance a sewer improvement project pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Preliminary and Final Engineering Reports two (2) are enclosed.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jl  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

Account No. 156.0000

**Re: McCreary County Water District Sewer System Revenue Bonds, Series 2004,  
in the amount of \$290,000 (Stearns Project)**

Mr. Kenneth H. Slone  
State Director  
Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336  
Fax: (859) 224-7425

Mr. Tom Coffey  
Rural Development  
95 South Laurel Road, Suite A  
London, Kentucky 40744

Telephone: (606) 864-5168  
Fax: (606) 878-7717

Mr. Steve Owens, Manager  
McCreary County Water District  
P.O. Box 488  
Whitley City, Kentucky 42653

Telephone: (606) 376-2540  
Fax: (606) 376-5507

Tim Lavender, Esq.  
Courthouse Square  
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Whitley City, Kentucky 42653

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Mr. Deron S. Byrne  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, Kentucky 40342

Telephone: (502) 839-1310  
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W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Telephone: (502) 569-7525  
Fax: (502) 569-7555

RECEIVED  
AUG 20 2004  
PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**THE APPLICATION OF MCCREARY COUNTY WATER )**  
**DISTRICT OF MCCREARY COUNTY, KENTUCKY, )**  
**FOR A CERTIFICATE OF PUBLIC CONVENIENCE ) NO. 2004-00325**  
**AND NECESSITY TO CONSTRUCT AND FINANCE )**  
**PURSUANT TO KRS 278.023. )**

**A P P L I C A T I O N**

This Application of the McCreary County Water District ("Applicant") of McCreary County, Kentucky, respectfully shows:

1. That Applicant is a water district of McCreary County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

McCreary County Water District  
c/o Mr. Raymond Taylor, Chairman  
P.O. Box 488  
Whitley City, Kentucky 42653

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Applicant to construct a sewer construction project, consisting of extensions, additions, and improvements (the "Project") to the existing sewer system of Applicant; and (ii) an Order approving the proposed plan of financing said Project.

4. That the Project consists of the construction and installation of approximately 2,100 linear feet of 8-inch sanitary sewer line, 1,100 linear feet of 4-inch sanitary sewer service line, 1,700 linear feet of sewer force main, one lift station, seventeen manholes and appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$290,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") Grant in the amount of \$290,000; (iii) an Environmental Protection Agency ("EPA") grant in the amount of \$950,000; and (iv) an Enterprise Community ("EC") grant in the amount of \$200,000. Applicant

has a commitment from RD to purchase said \$290,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

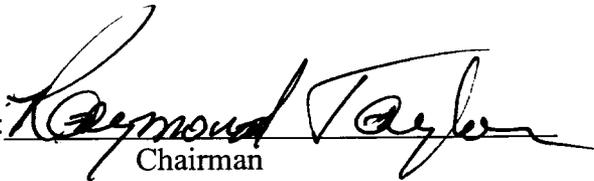
- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
  - (2) All other state approvals or permits have already been obtained;
  - (3) The existing rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, Applicant, the McCreary County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a sewer project consisting of extensions, additions, and improvements to the sewer system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$290,000 of McCreary County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; (ii) a Rural Development grant in the amount of \$290,000; (iii) an EPA grant in the amount of \$950,000; and (iv) an EC grant in the amount of \$200,000.

MCCREARY COUNTY WATER DISTRICT

By:   
Chairman  
Board of Water Commissioners

  
W. RANDALL JONES, ESQ.  
RUBIN & HAYS  
Counsel for Applicant  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525







United States  
Department of  
Agriculture

Rural  
Development

771 Corporate Drive, Suite 200  
Lexington, KY 40503-5477  
(859) 224-7336 TTY(859) 224-7422

SEAN'S

January 24, 2002

Mr. Raymond Taylor, Chairman  
McCreary County Water District  
P.O. Box 488  
Whitley City, Kentucky 42653

Dear Mr. Taylor:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$290,000, a RUS grant not to exceed \$290,000, an Environmental Protection Agency (EPA) grant of \$950,000, and an Enterprise Community (EC) grant of \$200,000.

If Rural Development makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to Rural Development as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 days before loan closing.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 641 sewer users, of which 441 are existing users and 200 are new users. The Rural Development Manager will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

Rural Development encourages the use of the Preauthorized Debit (PAD) payment process, which authorizes the electronic withdrawal of funds from your bank account on the exact installment payment due date (contact the Rural Development Manager for further information).

3. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$135.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$16,200. The deposits are to be resumed any time the account falls below the \$16,200.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

4. Security Requirements:

A pledge of gross sewer revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds.

5. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

6. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

7. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

8. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The Water District shall be required to submit a copy of its audit agreement for review and approval prior to pre-closing the loan. The Water District shall obtain the assistance of its accountant to establish the Water District's accounting system. Rural Development approval of the accounting system is required.

9. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

10. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$117,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

11. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "21" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
  - 1. Final plans, specifications and bid documents.
  - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
  - 3. Legal Service Agreements.
  - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

12. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the wastewater system, be denied the benefits of the wastewater system, or be subjected to discrimination.

13. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

14. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

15. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

16. Prior to Pre-Closing the Loan, the Water District will be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

17. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

18. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

19. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA-Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing \_\_\_\_\_," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

20. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly, as required in 7CFR part 3016 (as applicable).

21. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,260,000
Land and Rights	79,000
Legal and Administrative	65,000
Engineering	185,000
Interest	15,000
Contingencies	<u>126,000</u>
TOTAL	\$ 1,730,000

Financing:

RUS Loan	\$ 290,000
RUS Grant	290,000
EPA Grant	950,000
Enterprise Community Grant	<u>200,000</u>
TOTAL	\$ 1,730,000

22. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

23. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/EPA/EC grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the sewer system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Sewer rates will be at least:

Residential:

First	2,000	gallons @ \$	8.10 - Minimum Bill.
Next	8,000	gallons @ \$	4.30 - per 1,000 gallons.
Next	10,000	gallons @ \$	3.40 - per 1,000 gallons.
All Over	20,000	gallons @ \$	2.70 - per 1,000 gallons.

Non-Residential:

First	2,000	gallons @ \$	10.80 - Minimum Bill.
Next	8,000	gallons @ \$	5.80 - per 1,000 gallons.
Next	10,000	gallons @ \$	4.50 - per 1,000 gallons.
All Over	20,000	gallons @ \$	3.60 - per 1,000 gallons.

Federal Prison Facility:

First	1,300,000	gallons @ \$	4,710.20 - Minimum Bill.
All Over	1,300,000	gallons @ \$	3.60 - per 1,000 gallons.

25. Commitment of EPA and Enterprise Community (EC) Grants:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EPA grant in the amount of \$950,000 and for the EC grant in the amount of \$200,000.

26. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

27. Mitigation Measures:

- A. The Water District shall be required to comply with the requirements of the Kentucky State Clearinghouse as detailed by letter to Mr. Ronnie Grant, dated June 22, 2001, and signed by Mr. Ronald W. Cook.
- B. The Water District shall be required to comply with the requirements, if any, of the U.S. Fish and Wildlife Service as requested by letter dated July 27, 2001, and signed by Lee A. Barclay, Ph.D., Field Supervisor.

- C. The Water District will comply with all applicable executive orders and regulations that are applicable to the preservation of prime farmlands and wetlands.

28. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



KENNETH SLONE

State Director

Rural Development

Enclosures

cc: Rural Development Manager - London, Kentucky  
Community Development Manager - Somerset, Kentucky  
Lake Cumberland ADD - Russell Springs, Kentucky  
Tim Lavender - Whitley City, Kentucky  
Harper, Ferguson & Davis - Louisville, Kentucky  
Monarch Engineering, Inc. - Lawrenceburg, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky





**United States Department of Agriculture  
Rural Development  
Kentucky State Office**

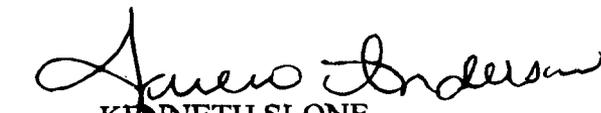
August 16, 2004

**SUBJECT: McCreary County Water District  
Stearns Sewer Renovation- Phase 1  
Contract Award Concurrence**

**TO: Area Director  
London, Kentucky**

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Garrison Construction Company, in the amount of \$314,990.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

  
KENNETH SLONE  
State Director  
Rural Development

cc: Monarch Engineering, Inc.  
Lawrenceburg, Kentucky

Harper, Ferguson, and Davis  
Louisville, Kentucky



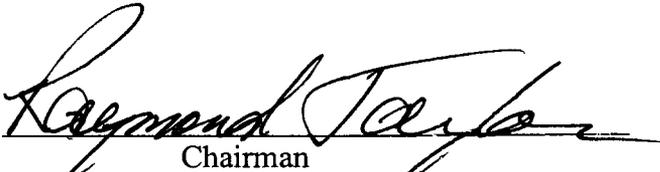
**CERTIFICATE OF CHAIRMAN OF THE MCCREARY COUNTY WATER DISTRICT,  
AS TO STATEMENT REQUIRED BY SECTION 3(2)(D) OF 807 KAR 5:069**

I, Raymond Taylor, hereby certify that I am the duly qualified and acting Chairman of the McCreary County Water District of McCreary County, Kentucky, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the sewer system of the District (the "Project"), in cooperation with Monarch Engineering, Inc., Lawrenceburg, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

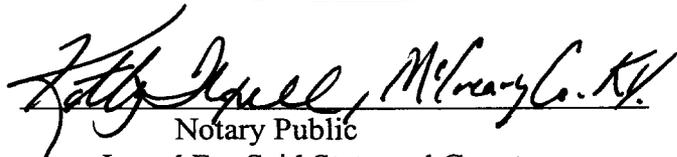
1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the existing rates of the District are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about September 15, 2004, and will end on or about March 15, 2005.

IN TESTIMONY WHEREOF, witness my signature this August 18, 2004.

  
Chairman  
McCreary County Water District

STATE OF KENTUCKY    )  
                                  ) SS  
COUNTY OF MCCREARY )

Subscribed and sworn to before me by Raymond Taylor, Chairman of the Board of Commissioners of the McCreary County Water District, on this August 18, 2004.

  
Notary Public  
In and For Said State and County

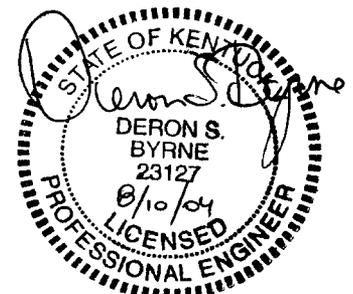
**PRELIMINARY ENGINEERING REPORT  
FOR THE  
MCCREARY COUNTY WATER DISTRICT  
STEARNS SEWER SYSTEM**

RECEIVED

AUG 29 2004

PUBLIC SERVICE  
COMMISSION

**JUNE 2001**



# **PRELIMINARY ENGINEERING REPORT**

## **STEARNS SEWER SYSTEM**

### **McCREARY COUNTY WATER DISTRICT McCREARY COUNTY, KENTUCKY**

#### **I. GENERAL**

This Preliminary Engineering Report is intended to analyze the proposed sewer system improvements and extensions that are being planned by the McCreary County Water District which consists of renovating the old Stearns Sewer System and to extend sewers that would serve new customers adjacent to the Stearns area. The project area is located in the historic and former mining community of Stearns which is located in south central McCreary County. Sewer lines will be installed to replace existing sewer lines that were constructed in the 1930's and new lines will be installed to serve new users. The project consists of the construction of a approximately two miles of gravity sewer lines along with five lift stations. The waste stream will be transported through an existing force main to the Water District's treatment plant located just north of Stearns. Included in this report are project cost estimates which outline all of the project costs along with the proposed financing scheme.

#### **II. PROJECT PLANNING AREA**

The proposed area of service is located in and around the community of Stearns. This community is not incorporated but due to the concentration of dwellings in the area, the Stearns community is locally defined as the old Stearns mining camp and those areas around the old camp that exhibit a substantial concentration of homes and small businesses. Once a thriving mining camp community, the Stearns Coal & Lumber Company initially owned the homes and businesses that made up the Stearns community. The coal mining and logging industry was the only source of industry in the area in the early 1900's and homes were built to house employees of the company. At one time over 200 homes housed workers that were employed by the company, and according to old records, a community sewer system was constructed around the period of the 1930's.

As time progressed the operation of the company began to dwindle and in the 1960's the company began to reduce the scale of its involvement in the coal and logging industry. Homes owned by the mining company were sold to those who occupied the dwellings as well as the property that formed the community of Stearns. By the 1980's coal production and timber harvesting had ceased and the company no longer maintained a base of employees. As the company began to downscale and sell homes and properties, the old mining community began to change appearance as other homes were constructed along with privately owned businesses.

The topography of the area is typical for the Appalachian area consisting of steep slopes and narrow valleys. Homes lie near the public roadways and generally sit within close proximity of each other. The central business area of Stearns lies adjacent to the Norfolk and Southern Railway and it consists of a museum with exhibits of the old mining and logging camp, along with several small shops and restaurants. The community also consists of a public school and two small textile industries.

### III. EXISTING FACILITIES

The McCreary County Water District owns and operates a wastewater treatment plant that is located approximately one mile from the Stearns community. A transport force main passes through the community and is available for use through the proposed project. The old Stearns sewer system was constructed in the 1930's and few records exist that depict the location or actual number of users of the old system. The sewer system is operated by a volunteer group of individuals that have been instrumental in the development of the historic portion of the Stearns facility. Sewage is collected at a point near one of the small industries and is pumped to the Water District's wastewater treatment plant. The existing system is considered to be constructed of short sections of clay tile pipe, but manholes are not visible and are thought not to exist making it difficult to determine the integrity and extent of the sewer system.

### IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in and around the Stearns community. Raw sewage is evident in ditch lines and low lying areas, particularly after rainfall events. The stench of raw sewage is present and is magnified during periods of warm weather. The number of homes that are connected to the sewer system is unknown and homeowners are unsure as to the type of their individual sewer systems. Over the past several years the Stearns community has been developed as a tourist attraction depicting the life style of the mining and logging community. One major attraction is a scenic train excursion that is affected by the presence of raw sewage that runs in the ditch that lies alongside the railway.

Due to the condition of the old sewer system and the terrain of the area beyond the service area of the system, inadequate transport and treatment are prevalent. Elimination of this health hazard can only be accomplished by the development of a conventional sewer collection system and replacement of the old dilapidated sewer system.

### V. ALTERNATIVES CONSIDERED

The Stearns Sewer System is operated by a volunteer group of individuals which desire to relinquish that responsibility. The McCreary County Water District is the only provider of public wastewater collection, transport, and treatment located in McCreary County. The Water District owns the only public treatment plant and it is located just north of the community of Stearns. Alternatives considered were the development of a

package wastewater treatment plant versus the transport of the waste stream to the District's present facility. Due to the proximity of the current plant to the project area it was determined most feasible and practical to treat the waste stream at the current plant.

Methods of collection consist of basically two options, that being gravity collection or small diameter pressure sewer lines. It is expected that the system can be constructed utilizing gravity collection lines which minimize the maintenance as compared to the pressure sewer system method.

## VI. PROPOSED PROJECT

The proposed project consists of the installation of 10,400 feet of 8-inch gravity sewer lines and 5,500 feet of 4-inch sewer force mains that will serve approximately 200 new and existing customers. Included in the project is the construction of 100 manholes along with five sewage lift stations. An itemized cost estimate is included in this report and it outlines all of the individual construction items along with their associated units costs. A summary cost estimate summarizes all of the project costs and outlines the funding scheme for the project which is also included in this report.

The project cost has been estimated to be \$1,730,000 and it is to be financed by a grant from the Environmental Protection Agency in the amount of \$950,000, a grant from Rural Development in the amount of \$290,000 and a loan from Rural Development in the amount of \$290,000. Also included is a grant from the McCreary County Enterprise Community in the amount of \$200,000.

## VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in these communities to maintain a adequate sewage collection and transport system, it is recommended that the McCreary County Water District take the steps necessary to develop the sewer system extensions and improvements so that this unhealthy situation can be resolved. The McCreary County Water District is the only provider of wastewater collection and treatment in and around McCreary County and their system is situated such that these extensions and improvements as proposed can be made without adversely affecting service to their existing customers.

**PRELIMINARY COST ESTIMATE  
STEARNS SEWER SYSTEM IMPROVEMENTS  
McCREARY COUNTY WATER DISTRICT  
McCREARY COUNTY, KENTUCKY  
MARCH 2001**

**PROJECT COSTS**

DEVELOPMENT	\$1,260,000.00
CONTINGENCY	126,000.00
ENGINEERING DESIGN	107,000.00
CONSTRUCTION INSPECTION	58,000.00
LEGAL	25,000.00
ADMINISTRATION	40,000.00
INTEREST	15,000.00
ADDITIONAL ENGINEERING	20,000.00
LAND & EASEMENTS	<u>79,000.00</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$1,730,000.00</b>

**PROJECT FINANCING**

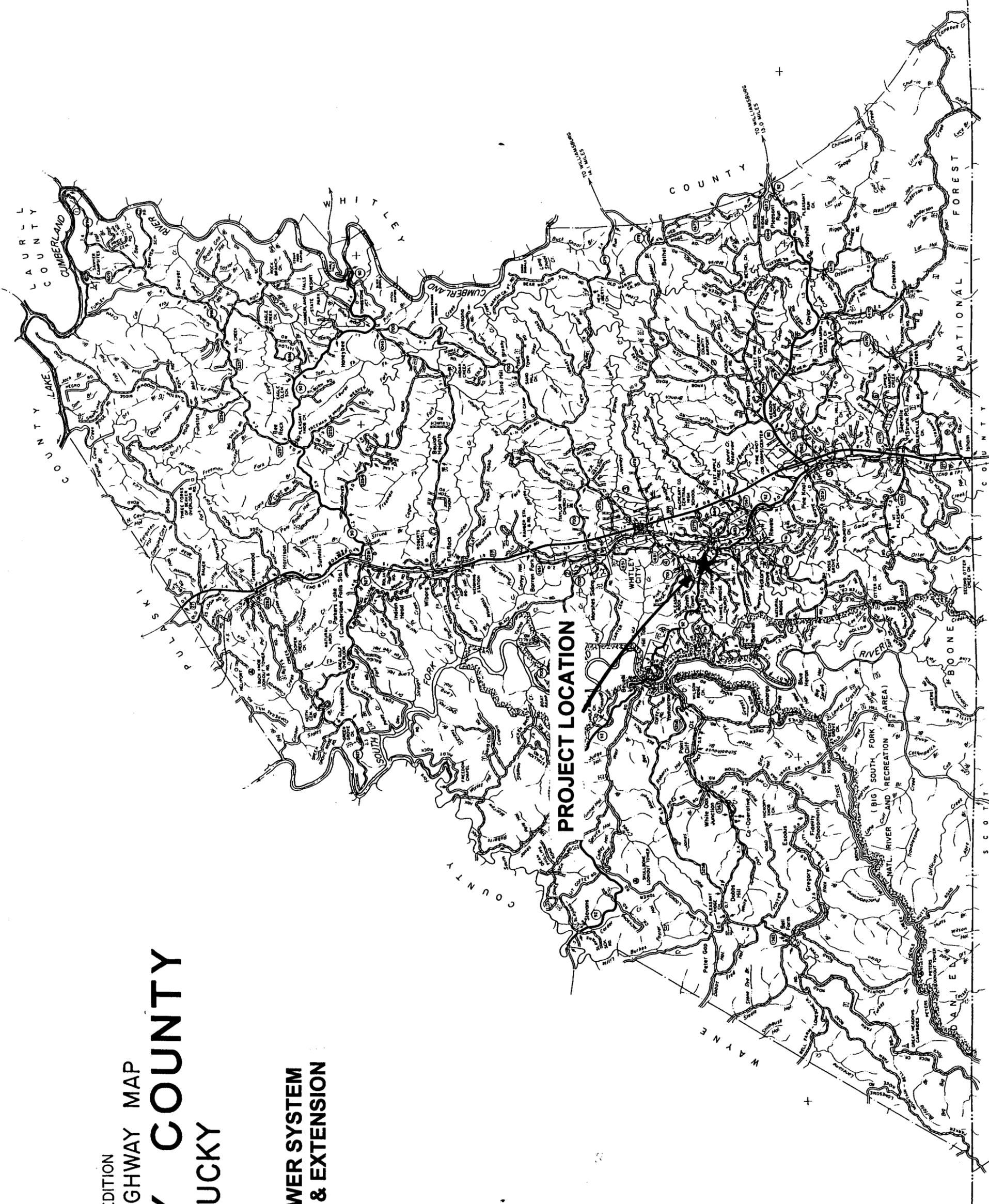
EPA GRANT	\$950,000.00
McCREARY COUNTY ENTERPRISE COMMUNITY	200,000.00
RURAL DEVELOPMENT GRANT	290,000.00
RURAL DEVELOPMENT LOAN	<u>290,000.00</u>
<b>TOTAL PROJECT FINANCING</b>	<b>\$1,730,000.00</b>

**PRELIMINARY COST ESTIMATE  
 STEARNS SEWER SYSTEM IMPROVEMENTS  
 McCREARY COUNTY WATER DISTRICT  
 McCREARY COUNTY, KENTUCKY  
 MARCH 2001**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	8-Inch Sanitary Sewer Main	10,400 LF	\$50.00	\$520,000.00
2	4-Inch Sanitary Sewer Service	5,500 LF	20.00	110,000.00
3	4-Inch Force Main	5,500 LF	6.00	33,000.00
4	Bore & Case for 8-Inch Sewer	400 LF	80.00	32,000.00
5	Bore & Case for 4-Inch Sewer	1,000 LF	50.00	50,000.00
6	Manhole	100 EA	1,500.00	150,000.00
7	Lift Station Type 1	4 EA	50,000.00	200,000.00
8	Lift Station Type 2	1 EA	70,000.00	70,000.00
9	Flow Metering Station	1 EA	45,000.00	45,000.00
10	Pavement Replacement	5,000 LF	10.00	50,000.00
SUBTOTAL				\$1,260,000.00
CONTINGENCY				126,000.00
TOTAL COST				\$1,386,000.00

1990 EDITION  
GENERAL HIGHWAY MAP  
**MCCREARY COUNTY**  
KENTUCKY

**STEARNS SEWER SYSTEM  
RENOVATION & EXTENSION**





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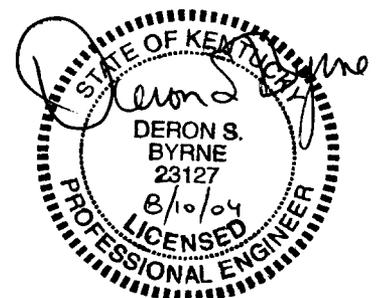
PUBLIC SERVICE  
COMMISSION

**FINAL ENGINEERING REPORT  
SEWER SYSTEM IMPROVEMENTS  
MCCREARY COUNTY WATER DISTRICT  
STEARNS SEWER RENOVATION & IMPROVEMENTS –  
PHASE I  
MCCREARY COUNTY, KENTUCKY**

**JUNE 28, 2004**

**PREPARED BY:**

**M**  
**Monarch Engineering, Inc.**





June 28, 2004

Raymond Taylor, Chairman  
McCreary County Water District  
P.O. Box 488  
Whitley City, KY 42653

Re: McCreary County Water District  
Sewer System Improvements  
Stearns Sewer Renovation & Improvements – Phase I

Dear Mr. Taylor:

On June 24, 2004 the McCreary County Water District received bids for the Stearns Sewer Renovation and Improvements – Phase I. The first phase consists of replacing the existing S.W.A.T. gravity sewer system with a conventional gravity sewer system in the historic community of Stearns. Two proposals were submitted and the lowest bid submitted was by Garrison Construction Company, Inc. located in Greensburg, Kentucky for an amount of \$314,990.00. A copy of the summarized bid tabulation of all bids received is attached.

Based on the bid submitted by Garrison Construction Company, Inc., the final budget with a 10% contingency has been formulated and the total project cost is \$422,714.71, a copy of which is attached. The amount of funds available from the Environmental Protection Agency, Rural Development, and the McCreary County Enterprise Community is \$1,730,000.00 leaving an additional \$1,307,285.29 of contingency. Based on this information we recommend that the McCreary County Water District consider awarding a contract to Garrison Construction Company, Inc. for an amount of \$314,990.00. This recommendation is contingent upon approval by the Environmental Protection Agency, Rural Development, and the Public Service Commission.

Should you need additional information, please advise.

Sincerely,

A handwritten signature in black ink that reads 'Deron S. Byrne'. The signature is written in a cursive style with a large initial 'D'.

Deron S. Byrne, P.E.

Attachments

cc: Mike Tipton  
Division of Water

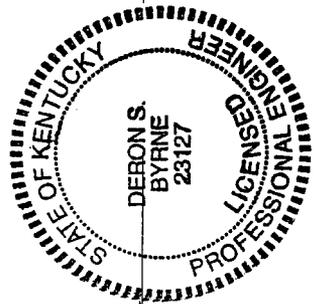
Tom Coffey  
Rural Development

Monarch Engineering, Inc.  
 556 Carlton Drive  
 Lawrenceburg, KY 40342  
 Phone (502) 839-1310  
 Fax (502) 839-1373

**BID TABULATIONS**  
**STEARNS SEWER RENOVATION & IMPROVEMENTS - PHASE I**  
**MCCREARY COUNTY WATER DISTRICT**  
**MCCREARY COUNTY, KENTUCKY**  
**BID DATE: JUNE 24, 2004 at 1:30 P.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	Garrison Construction Company, Inc.		Conley H. Gregory Construction, Inc.	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
<b>BASE CONTRACT</b>						
1	12-Inch Ductile Iron CL350 Sanitary Sewer	10 LF	\$64.27	\$642.70	\$120.00	\$1,200.00
2	8-Inch PVC SDR 35 Sanitary Sewer	2,064 LF	43.82	90,444.48	60.00	123,840.00
3	8-Inch PVC SDR 21 Force Main	1,110 LF	17.20	19,092.00	60.00	66,600.00
4	4-Inch PVC SDR-35 Sanitary Sewer	1,045 LF	16.83	17,587.35	55.00	57,475.00
5	4-Inch PVC SDR-21 Force Main	40 LF	12.41	496.40	50.00	2,000.00
6	2 1/2-Inch PVC SDR-21 Force Main	545 LF	10.09	5,499.05	25.00	13,625.00
7	Bore and Cae for 8-Inch Sanitary Sewer	110 LF	199.28	21,920.80	150.00	16,500.00
8	Free Bore for 8-Inch Sanitary Sewer	15 LF	148.50	2,227.50	150.00	2,250.00
9	12-Inch Plug Valve	1 EA	2,112.83	2,112.83	2,300.00	2,300.00
10	8-Inch Plug Valve	1 EA	956.14	956.14	1,250.00	1,250.00
11	4-Inch Plug Valve	1 EA	738.50	738.50	525.00	525.00
12	Sewage Air/Vacuum Valve	1 EA	3,495.80	3,495.80	1,500.00	1,500.00
13	Manhole	17 EA	1,773.20	30,144.40	1,250.00	21,250.00
14	Extra Manhole Depth	6 LF	277.20	1,663.20	100.00	600.00
15	Service Connection	12 EA	242.11	2,905.32	1,500.00	18,000.00
16	Connection (force main to manhole)	3 EA	957.00	2,871.00	2,500.00	7,500.00
17	Connection (new force main to exist. force main)	1 EA	1,925.00	1,925.00	3,500.00	3,500.00
18	Type I Connection	1 EA	2,326.50	2,326.50	3,000.00	3,000.00
19	Incidental Pavement Replacement	350 LF	15.40	5,390.00	25.00	8,750.00
20	Full Width Concrete Sidewalk Replacement	235 LF	14.00	3,290.00	25.00	5,875.00
21	Sewage Lift Station No. 1	1 LS	86,061.03	86,061.03	98,500.00	98,500.00
22	Exploration	40 HR	330.00	13,200.00	100.00	4,000.00
<b>TOTAL BASE CONTRACT</b>				<b>\$314,990.00</b>		<b>\$460,040.00</b>

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, THURSDAY, JUNE 24, 2004 AT THE MCCREARY COUNTY WATER DISTRICT.



BY *Deron S. Byrne*  
 DERON S. BYRNE, P.E.

DATE *6/28/04*

**FINAL BUDGET**  
**STEARNS SEWER SYSTEM RENOVATION - PHASE I**  
**McCREARY COUNTY WATER DISTRICT**  
**JUNE 28, 2004**

**PROJECT COSTS**

DEVELOPMENT	\$314,990.00
CONTINGENCY	1,338,784.29
ENGINEERING DESIGN	32,034.48
CONSTRUCTION INSPECTION	24,191.23
LEGAL	5,000.00
ADMINISTRATION	10,000.00
ADDITIONAL ENGINEERING	5,000.00
<b>TOTAL PROJECT COSTS</b>	<u><u>\$1,730,000.00</u></u>

**PROJECT FINANCING**

ENVIRONMENTAL PROTECTION AGENCY GRANT	\$950,000.00
McCREARY COUNTY ENTERPRISE COMMUNITY	200,000.00
RURAL DEVELOPMENT GRANT	290,000.00
RURAL DEVELOPMENT LOAN	<u>290,000.00</u>
<b>TOTAL PROJECT FINANCING</b>	<u>\$1,730,000.00</u>